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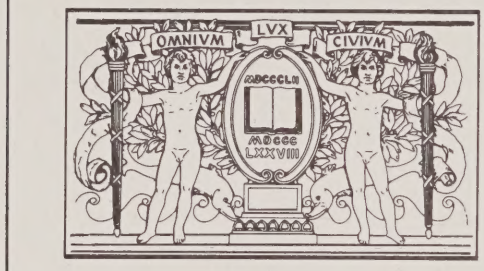

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THE PORT OF BOSTON

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August 1985

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The Port of Boston

Port Activity, Facilities, and Markets

The Port of Boston is New England's major seaport as well as a center of national and international shipping and commerce. A natural deep-water harbor, with 40 foot deep channels, the Port of Boston can accommodate the most modern shipping vessels in the world. Eighteen million tons of cargo worth nearly $7 billion are handled annually in the Port's three public and twenty-three private terminals. The commercial port of Boston is served by 24 steamship lines providing regularly scheduled service to 175 worldwide ports. It is also served by 42 custom house brokers, 200 trucking lines, 26 towing companies, and 2 railroads. In 1983 the Port of Boston ranked 23rd, nationally, in total port trade and 18th, nationally, in container tonnage. In addition, the Port's 170 firms directly employed about 4,000 people and had revenues of over $155 million.

Private facilities in the Port included a variety of terminals, piers, berths and shipyards in Boston, Chelsea, Everett, Revere, Winthrop, and Quincy. Ninety-five percent of total cargo is handled by private facilities in the Boston port primarily consisting of bulk products such as petroleum, natural gas, scrap metal, sugar, and gypsum. Public Facilities of MASSPORT include Moran Terminal, Conley Terminal, and the MASSPORT Marine Terminal. These facilities mainly handle high-value general cargo such as automobiles, lumber, electronic machinery, scientific instruments, paper products, and other consumer goods. Countries in Europe and the Far East are New England's major trading partners, which are distributed accordingly: Europe 58%, Japan and the Far East 23%, Latin America 6%, Australia 5%, and all other areas 9%.

Boston's Port is traditionally used by carriers to serve the New England market. New England accounts for about 43 percent of all general cargo shipments, 13% of neo-bulk (automobiles, lumber) shipments, and 48% of bulk cargo (scrap metal, food products). Imports vastly outweigh exports with petroleum, automobiles, and food products the largest imports and scrap metal, electrical machinery and instruments the largest exports. Because the Port of Boston is one of only five major ports on the North Atlantic coast of the United States with terminal facilities for handling containerized ocean cargo, the increased use of containerization by carriers and development of containerization facilities by MASSPORT has recently stimulated Port activity.

History

The Port of Boston has experienced both good and bad times over the course of a 350 year legacy. Boston's dominance as a world port existed until 1750. From 1750 until 1850 Boston lost ground to New York, Baltimore, and Philadelphia but prospered on the China trade and other specialized activities. From 1850 until 1950, the Port declined as manufactured exports in New England fell precipitiously and other North Atlantic ports began to dominate imports to the New England Market. Only temporary wartime shipping in the early 1900's saved the Port from drastic decline. After World War II, the creation of MASSPORT and the impact of containerization served to stimulate shipping activity. Over the last ten years, the Port has experienced growth of commerce primarily due to modernization of facilities and the still present natural advantages of the Harbor.

From 1630 until the mid 1700s Boston's port was the busiest and most prosperous Port in North America. Fishing, shipbuilding, raw materials and seaborn commerce were the building blocks of Colonial port trade.

The Port of Boston lost its first place status as America's busiest port in 1750. Baltimore, Philadelphia and New York City presented tough competition in the Northeast and their access to the country's agricultural heartland provided an endless supply of exports prompting their rapid development as large ports. This is not to imply that the Port of Boston was not prosperous; trade with Europe, the Eastern Mediterranean and China kept venturesome merchants and traders wealthy until the 1840s.

By the mid-1800s Massachusetts had established a strong manufacturing economy, reliant in great part on the Port of Boston to supply fuel and raw materials to manufacturing industries. Over the next fifty years, Port activity became almost totally reliant upon imports, supplying food for the region's growing population and fuel and raw materials for the growing industries. The majority of locally manufactured goods were absorbed by the domestic market rather than made available for export. At no time during the 1850's did Port of Boston's total exports amount to even one half of its imports.[1] Further exacerbating the shipping imbalance was the fact that Boston exports were of high value but low bulk (ex. textiles), therefore not able to readily fill holds with worthwhile tonnage.

New York, at this time was emerging as a great international port because it was able to corner the distribution of imports and exports for national market area. A shipping pattern had emerged by 1920 in which Boston, because of its demands for imports, became the first port of call for ships to unload their cargo. Without sufficient exports available in Boston, however, ships proceeded to other Ports to unload their remaining cargo and take on exports.

By 1929, Boston's tonnage had increased to over 19 million but deep problems were evident. Growth was due only to the import of raw materials

while exports were virtually non-existant. At the same time, competition from other cities had eroded Boston's own market - New England. About 65% (by value) of all New England's manufactured goods intended for export moved through New York, while only 14% moved through Boston.[2] By 1940, Boston was only the fifth largest Port north of Virginia. Wartime activity in the 1940s temporarily boosted port activity.

After World War II, the tenuous status of the Harbor was obvious. MASSPORT, created in 1956, has served to revive the Port through management and development over the last thirty years. Both MASSPORT's improvement of shipping facilities and the advent of containerization have stimulated gorwth of the Port since 1970.

The shipping industry has been changing, in past decades, from the use of small crates to huge containers which are hoisted off the ship by a crane and placed directly on truck trailers for delivery. Container shipping began in South Boston with the Sea L Company and in 1971, Massport opened the Moran Terminal in Charlestown and further enhanced container shipping in the Port of Boston. The 25 million dollar, 45 acre terminal has 1100 feet of berth space. The 70 ton Hitachi crane and the 45 ton capacity Paceco crane can move up to sixty containers an hour. Despite land transportation problems, labor disputes and changes in shipping tonnage a major resurgence in the volume of trade through Massport's facilities has occurred. According to Massport, containerized tonnage coming in and out of the harbor rose by roughly 90,000 tons in 1983 as compared with 1982. (See table 1) Each ton has an average value of $3000, the highest in the nation and double the national average. In addition, the new 19 million dollar Conley Terminal in South Boston has increased both volume and productivity in the Port. The harbor is in an upswing, employment is high along with productivity and the ILA is working more hours than in recent years.

Future Growth of the Port of Boston

According to MASSPORT projections, the Port of Boston is expected to grow at a moderate pace, continuing trends from the mid-1970s. New England's general cargo was forecast to grow by 5.5 percent annually from 1980 through 2000. At its present market share, Boston tonnage of general cargo would exceed two million tons by the year 2000 from 800,000 tons in 1980. By 1984, tonnage had exceeded 1 million. MASSPORT is currently continuing improvements and additions to facilitate this growth. Other economic factors must also be considered, including:

- Competition from other U.S. and Canadian ports.
- Regulatory trends in trucking and ocean shipping.
- Labor costs, productivity, and regulations.

By the year 2000, MASSPORT is planning to increase container storage acres, berths, and container capacity to accommodate expected growth.

Boston's harbor can accommodate traditional port uses, commercial development, housing, and open space together in future years. The Port of Boston is proceeding on a moderate growth path over the next twenty years with future expansion of maritime related facilities. The 50% expansion of container related storage and non-storage facilities is able to be accommodated in present and adjacent shipping terminal areas. Commercial, residential, and public open space harbor uses can coexist with the planned expansion of Port activities.

1. P.9 Louis E. Cellineri, Seaport Dynamics, 1976.
2. P.26 ibid.

All other data are from various MASSPORT reports and publications.

TABLE I

GENERAL CARGO

General (non-bulk) cargo is shipped through the public terminals of the Port of Boston, owned and operated by the Massachusetts Port Authority. Eighty-four percent of Boston's general cargo is shipped in containers (standardized 20 or 40 foot metal boxes) on scheduled liners. In 1983, 870,750 tons of general cargo valued at $2.6 billion were handled in the port.

General cargo shipped through Boston reflects the composition of New England industry and the consumption patterns of the region's residents. Major commodities shipped in 1983 included:

IMPORTS	EXPORTS
automobiles*	audio equipment
beer and wine	data processing equipment
fish	electrical equipment
footwear	leather
furniture	machinery parts
industrial machinery	paper products
lamb and beef	photographic equipment
lumber*	scientific instruments
newsprint*	textile waste
sheepskin and wool	thermoplastic resin
sporting equipment	worked hardwood

*non-containerized (neo-bulk) cargoes

GENERAL CARGO IN THE PORT OF BOSTON

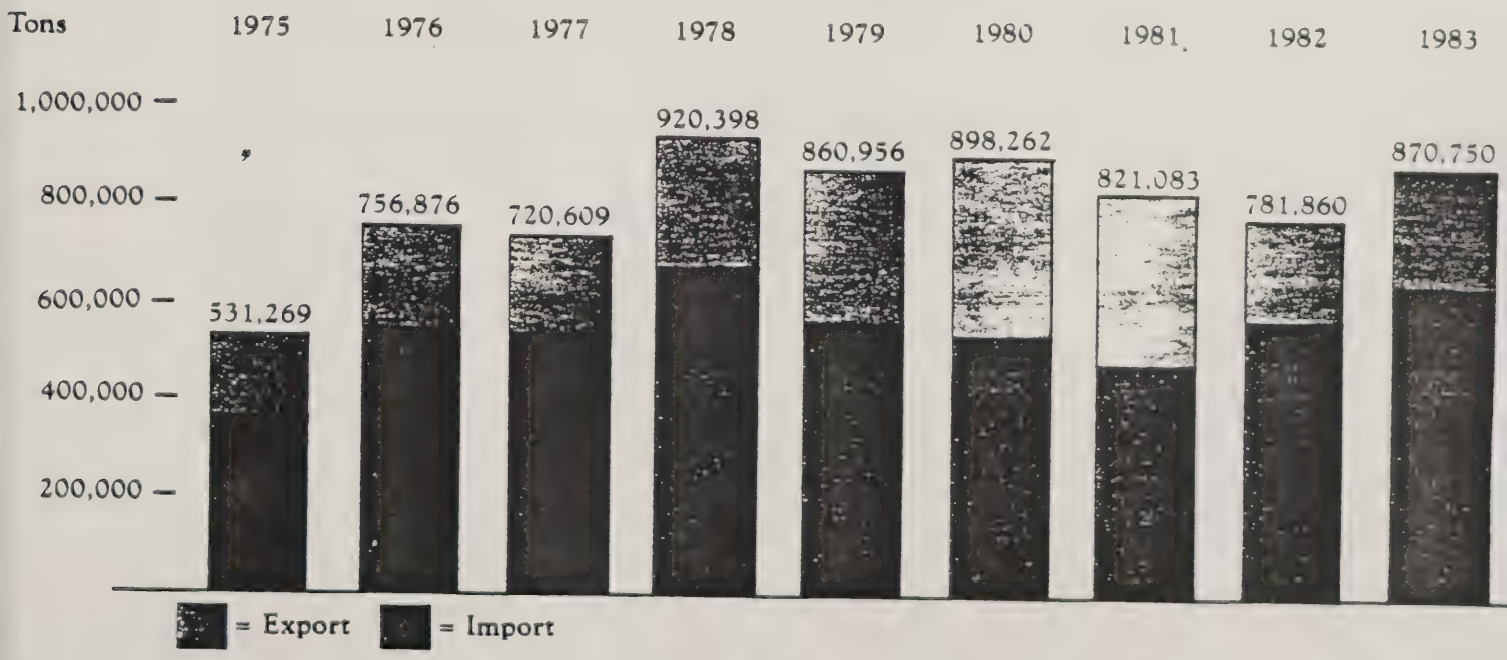
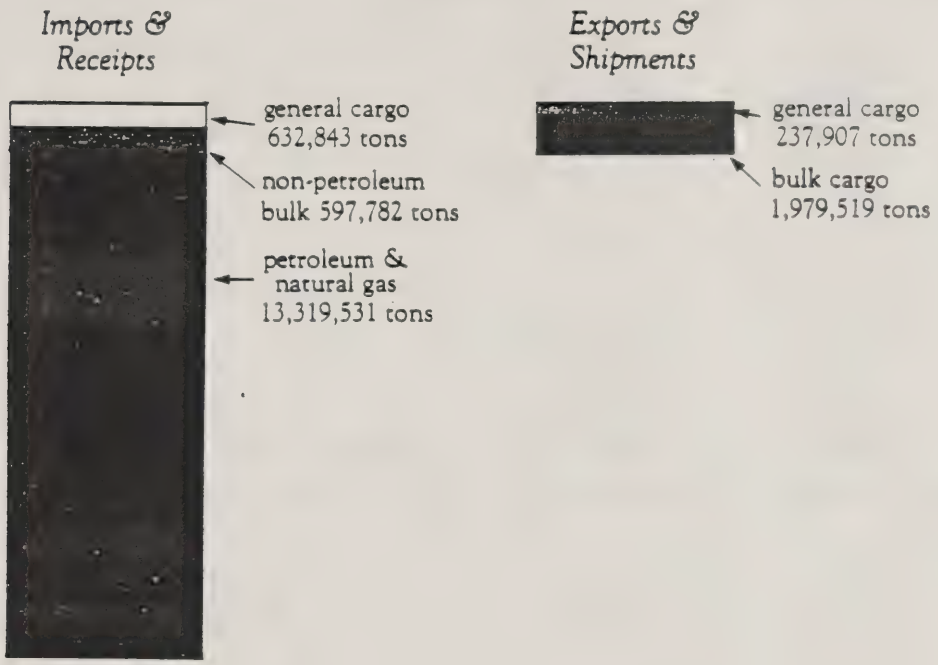


TABLE II

TOTAL PORT TRADE

In 1983 the Port of Boston handled 16,767,585 tons of cargo.


Imports & Receipts
general cargo 632,843 tons
non-petroleum bulk 597,782 tons
petroleum & natural gas 13,319,531 tons
Exports & Shipments
general cargo 237,907 tons
bulk cargo 1,979,519 tons

BULK CARGO

Bulk cargo is liquid or dry cargo piped from ships carrying that cargo exclusively. In 1983, 15,896,835 million tons of bulk cargo worth more than $1.4 billion were handled at the Port of Boston's 23 private terminals. The major commodities were:

IMPORTS/RECEIPTS (short tons)		EXPORTS/SHIPMENTS (short tons)	
petroleum & fuel oils	12,463,960	petroleum	1,464,547
natural gas	855,571	scrap metal	514,972
sugar	281,399		
gypsum	173,322		
salt	133,461		
molasses	9,600		

TABLE III

1983 GENERAL CARGO IN THE PORT OF BOSTON

	MORAN TERMINAL	SOUTH BOSTON TERMINALS	TOTAL
By Ton:			
Containers In:	353,614	143,464	497,078
Out:	175,119	61,479	236,598
Total:	**528,733**	**204,943**	**733,676**
Autos (In)	—	82,798	82,798
Lumber (In)	—	14,749	14,749
Newsprint (In)	14,156	—	14,156
Other Breakbulk In:	—	24,062	24,062
Out:	—	1,309	1,309
Tonnage In:	367,770	265,073	632,843
Tonnage Out:	175,119	62,788	237,907
Total Tonnage:	**542,889**	**327,861**	**870,750**
By Unit:			
Containers: Boxes	43,935	16,770	60,705
or TEU's	77,861	27,609	105,470
Automobiles	—	74,462	74,462
Lumber (000's of gross board feet)	—	16,856	16,856

VESSEL ARRIVALS—PORT OF BOSTON 1983

Full Container Ships	192*
Tankers	315*
Dry Bulk	89
Breakbulk/Auto/Lumber	94
Passenger Vessels	11
Other	10
	711

*includes only self-propelled vessels

1984 UPDATE OF GENERAL CARGO DATA (Table 1)

GENERAL CARGO ACTIVITY IN THE PORT OF BOSTON 1975 - 1984

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	CHANGE 83 VS 84
CONTAINER TONNAGE:											
IN	251152	379468	369887	511131	448813	438344	442125	427230	497078	621422	25.0%
OUT	149720	213936	191930	237060	287195	366880	250982	225701	236598	219736	-7.1%
TOTAL	400872	593404	561817	748191	736008	805224	693107	652931	733676	841158	14.6%
BREAKBULK TONNAGE:											
IN	72847	68737	74882	70003	41779	19647	23607	28058	38218	83084	117.4%
	6149	4440	2718	492	1952	0	161	460	1309	50	-96.2%
	78996	73177	77600	70495	43731	19647	23768	28518	39527	83134	110.3%
AUTO TONNAGE IN:	33274	44694	44985	57572	46008	57993	72535	78548	82798	86762	4.8%
LUMBER TONNAGE IN:	17907	46679	37929	46295	35209	15398	31673	22353	14749	11218	-23.9%
TOTAL GENERAL CARGO TONNAGE	531049	757954	722331	922553	860956	898262	821083	782350	870750	1022272	17.4%
TEU'S IN	28648	42675	40458	57481	51355	51754	48708	48775	61110	64385	5.4%
OUT	17229	24969	22923	28623	33424	38916	26630	38644	44360	62691	41.3%
TOTAL	45877	67644	63381	86104	84779	90670	75338	87419	105470	127076	20.5%
# OF AUTOS	33274	41414	42244	53857	42418	52759	63748	71410	74462	78877	5.9%
GBF OF LUMBER	20465	53347	43348	52908	40240	15349	36197	22549	16856	12821	-23.9%

EXHIBIT 1